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Mexico

Fresh Deciduous Fruit

Annual

2000

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Report Highlights:
Apple production for MY 2000 is forecast to increase 1.6 percent to 450,000 MT. Pear and table grape production are forecast to decrease to 30,000 MT and 167,000 MT respectively. Imports of all these fruits, however, are forecast to keep increasing for MY 2000. The United States is by far the largest supplier of these fruits.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Mexico [MX1], MX

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SECTION I. SITUATION AND OUTLOOK

THE ECONOMY

The outlook for the Mexican economy for the remainder of the year 2000 remains bright. Aggregate demand is exceptionally strong and sustaining GDP growth that could average 6.0 percent in 2000. This year's performance will surpass last year's, when GDP rose by 3.7 percent in real terms. The figure for inflation, too, is expected to be lower than the 12.3 percent of 1999 and may decline to about 9.5 percent by the end of the year, the first time the rate will be below 10.0 percent in six years. The Government of Mexico's (GOM) conservative fiscal and monetary policies have helped offset the unusually strong consumer demand and thus prevent the overheating of Mexico's economy. The GOM is conscious of this danger, and is taking steps to ensure that the economy grows at a sustainable rate during the next few years.

Mexico's domestic and foreign trade continues to grow at rates that warrant optimism. Domestic consumption grew by nearly 9.5 percent in real terms during the first half of 2000. Investment rose by about 11.5 percent during this semester relative to the level of a year earlier. This rate could well be sustained during the second half of 2000. Mexico's exports increased about 24.5 percent in nominal terms during the first six months of 2000 relative to those of the same period a year earlier. Imports rose by about 25.0 percent during the same period. In the year that ended in June 2000, Mexico's net international assets increased $4.2 billion to a total of $29.6 billion. The result reflected the benefits to Mexico of high oil prices and a robust U.S. economy. The latter's affect on Mexico is overwhelming, given that the United States remains Mexico's most important export market (87 percent in 1999), its most important source of imports (74 percent), and its primary source of foreign short- and long-term capital.

Mexico's current account deficit is projected to be approximately $19 billion by the end of year 2000. This figure would represent 3.1 percent of expected GDP, 0.2 percentage points higher than the corresponding value in 1999. Forecasters generally agree that inflation, as measured by the consumer price index, may drop to about 9.5 percent by the end of the year. The exchange rate for 2000 is forecast to be around 10.0 pesos/US$ by the end of the year, which would represent about a five percent depreciation relative to the rate that prevailed in 1999 (9.5). Mexico's fiscal deficit will likely reach approximately 1.0 percent of GDP this year, about the same as last year's.

Continuation of these positive macro-economic indicators into 2001 will depend on how well the GOM responds to internal and external developments during the next several months. Exceptionally strong consumer demand could lead to serious overheating of Mexico's economy, which could cause inflation to rise. The growth that this demand provokes attracts capital inflows and strengthens the peso. This can encourage excessive imports. If undiminished, at some point the current account will weaken and may provoke a correction that could induce a fall in economic growth. The Bank of Mexico is implementing monetary restrictions to prevent such overheating.

The GOM's ability to absorb the effects of a U.S. economic slowdown, and possible fall in oil prices, will also determine whether Mexico will be able to maintain buoyant economic growth in the years to come. A significant downturn in the U.S. economy could cause a substantial fall in U.S. equity prices, which would provoke an increase in U.S. interest rates. The end result could trigger a downturn in Mexico. The expansion of trade with Mexico's non-NAFTA partners could mitigate the effects of a slowdown in the United States. Mexico's free trade agreement (FTA) with the European Union could initiate robust growth in Mexican exports to Europe without posing a threat to the commercially most important U.S. agricultural exports to Mexico. This is true because Mexico did not make tariff rate concessions to the E.U. on any products for which the E.U. provides export subsidies (grains, meat, dairy, etc.). Its development as an export market may more than offset the likely decline in world oil prices during the next few years, given that oil exports now account for less than 10.0 percent of total Mexican exports. Oil revenues nonetheless remain of great significance to Mexico. They account for nearly 35 percent of government budgetary revenue. The GOM thus has a strong interest in cooperating with the OPEC producers to ensure that the price of oil remains at what they consider an acceptable level. The GOM assumed that Mexico would obtain $16.0 per barrel for its oil exports when it prepared the fiscal year 2000 budget, but the price of Mexico's oil has averaged about $24 per barrel during the first six months of 2000.

On July 2, 2000, Mexican voters elected Vicente Fox as their new President. This was a historic event because he is from the National Action Party (PAN by its Spanish initials), not the Institutional Revolutionary Party (PRI by its Spanish initials) which had dominated Mexican politics for over 70 years. He ran on a pro-business, free trade platform, but it is too early to tell as of this writing what economic policies he will implement to support that platform. He will take power on December 1, 2000.

APPLES

PRODUCTION

Total Mexican apple production for MY 2000 (August/July) is forecast to increase 1.6 percent to 450,000 MT. Producers indicate that weather conditions were not as harsh as in MY 1999, but lack of rain in Chihuahua affected the non-irrigated areas, and very high temperatures in early June and August affected the normal development of fruit in some areas. Other regions in Chihuahua, suffered from hail and late low temperatures, which decreased production from earlier estimates. The production estimate for MY 1999 has been lowered based on preliminary official estimates. The national average yield forecast for MY 2000 is 7 MT/Ha, very close to 6.9 MT/Ha estimated for MY 1999. Yields in Chihuahua, however, averaged 11.3 MT/Ha. Chihuahua, Coahuila and Durango account for 80 percent of total Mexican apple production. Data for MY 1998 remains unchanged.

Area planted is not expected to increase significantly in the next two or three years unless growers have access to credit. Growers indicate that increasing costs of production, tight credit, and limited water, restrict future expansion. In fact, small producers that cannot modernize their orchards and plant high yielding varieties will find it difficult to continue producing apples. Therefore, area planted and harvested are forecast to increase only slightly for MY 2000. Yields, however, are forecast to continue increasing due to increased density in planted areas. In some areas like Chihuahua, large producers are focusing more on increasing yields and introducing modern technology. To remain competitive, some old orchards are being replaced with higher yield and higher density apple varieties (550 trees per hectare). Area planted and harvested for MY 1999 has been revised upward as new trees entered commercial production. According to growers, high density varieties account for approximately 20 percent of Chihuahua’s planted area. The remainder of the apple producing areas are planted at the more traditional 200 trees per hectare. Most areas in Chihuahua are irrigated.

Mexico's deciduous fruit industry continues to suffer from a lack of credit availability, high interest rates and increases in input costs that limit expansion. According to producers, MY 2000 production costs for orchards with frost protection equipment ranges from 22,000 to 34,000 pesos/Ha. (US$2,353 to 3,636/Ha). Costs will vary, depending on the number of nights with freezing temperatures. According to producers, packing costs, which depend on imported inputs, such as boxes and waxes, have remained more or less stable due to the stable exchange rate.

CONSUMPTION

Mexico’s apple consumption for MY 2000 is forecast at 516,000 MT, reflecting a good consumer purchasing power and increased demand. The apple consumption estimate for MY 1999 was revised downward based on reduced supplies but still reflecting a good consumer purchasing power. The MY 1998 consumption estimate remains unchanged. According to industry sources, apples for processing usage increased since more apple juice concentrate was produced during MY 1999. Apples destined for processing for MY 2000 are forecast to increase over MY 1999 due to the possibility of increasing exports to the U.S. market.

According to wholesale market information, U.S. apple imports and larger domestic supplies forced prices down for the first quarter of 2000. But, for the months of May, June and July of 2000, domestic apple prices increased as well as the imported ones because there was less product available from all sources. Prices for U.S. red delicious apples began at approximately US$20.10 per 19 kg box in April, while Chilean apples were priced at approximately US$17.00 per 20 kg box. In August 2000, wholesale U.S. red delicious were priced at an average of US$24.12 per 19 kg box.

TRADE

Apple imports for MY 2000 are forecast to expand to 156,000 MT. Although the import increase is not expected to be as high as in MY 1999, imports will continue to rise due to increased demand as the result of continued stability of the exchange rate. Importers, however, are always cautious when importing fruit because of exchange-rate risks. This was certainly the case during the first semester of 2000, because importers were waiting for the results of the Mexican presidential elections. After the elections, the market reacted positively and imports of fruit returned to a normal pace. The estimate for apple imports for MY 1999 was revised upward to 150,000 MT, based on increased demand. Another important factor for the estimated increase in imports is that the minimum price per box under the suspension agreement reached in Mexico's dumping case against U.S. exporters was reduced from US$13.72 per box to US$11.29 per box (See MX9147). Also, this situation makes U.S. apples more competitive with Chilean and Canadian apples. MY 1999 apple imports from the United States are estimated at approximately 131,000 MT based on U.S. data. Chilean and Canadian apple imports are estimated at approximately 19,000 MT based on Mexican trade data.

The red and golden delicious varieties continue to account for most U.S. exports to Mexico. Mexican consumers like their size and color, although said not to be as sweet as Mexican apples. The golden delicious variety, especially, has great import potential since domestic production is limited and quality generally lower. Nonetheless, the U.S. apple industry will continue to face strong competition from other countries, especially Chile. Argentine apples also entered recently under a temporary agreement between the two governments, but the results have been poor because they are priced higher than Chilean apples, and there have been minimal efforts made on consumer promotion.

Other Trade Agreements

A free trade agreement was signed between Mexico and the European Union (EU) which went into effect on July 1, 2000. This agreement is expected to strengthen the Mexican strategic position in world trade. Fresh apples, however, were not among the agricultural products negotiated in the tariff negotiations, but were left in a waiting list with other sensitive products such as cereals, milk and peaches. Mexico will have access to the European market for other tropical fruits, however, with preferential duties such as guavas, mangos, limes, grapefruits, and papaya.

POLICY

Mexico has safeguard quotas for apples from the U.S., Canada and Chile under its free trade agreements. SECOFI announced on May 4, 2000, that the quota for U.S. apples had been filled (see MX0063). Under NAFTA, the United States had a 2000 quota of 65,671.8 MT at a reduced tariff rate of 6 percent. Upon announcing that the quota was filled, the tariff rate "snapped back" to the non-NAFTA level of 20 percent. Canada's 2000 quota was 1,340.09 MT at an 6 percent tariff rate and was filled as of March 6, 2000, also with a snapback of 20 percent. For Chilean apples, the 2000 import quota is 2,264.5 MT at the low-tariff rate of 11.7 percent and a snapback of 23 percent. With the exceptions of Canada and Chile, apples from other countries are subject to a 20 percent duty.

Customs Cash Account System

The Secretariat of Treasury in Mexico announced on July 12, 1999, that a Customs Cash Account System (CCAS) for apples imported from all countries and all varieties was to be implemented on August 1, 1999. The CCAS, however, has been systematically delayed, and now it has been postponed until September 16, 2000. Under the CCAS, importers will be required to put up a deposit or apply a line of credit against the tax difference between the estimated price and the invoice price if the latter is lower. The deposit will be held for 6 months or less in an interest-bearing account while the importer attempts to prove that his price is legitimate. In the end, the importer will either receive back his full deposit plus accrued interest, or have the tax difference deducted. The line of credit must be established between the importer and one of the Mexican banks which have been accepted to participate. The previous bond system was scrapped because it was impossible for Treasury to enforce/collect. According to traders, the CCAS implementation might be postponed again, until the change of government in December.

The estimated price for apples is published and updated in the *Diario Oficial* (Mexican Federal Register). The last update was published on September 5,2000. Under this announcement, the estimated price for apples is determined on the basis of average import invoices for apples of all varieties from all origins. There are 7 different categories by size only, with a different estimated price for each, from US$0.74/kg for the smallest, to US$0.825/kg for the largest.

MARKETING

The United States is expected to continue as the main apple supplier to the Mexican market. The U.S. apple industry's continued market and in-store promotion efforts have contributed to that success. Promotions for 2000 will also include now medium sized cities and will include new varieties such as Gala and Fuji. Mexican consumers still prefer the Red and Golden Delicious varieties more than any others. Commercially, these two varieties have the competitive advantage over other varieties because of their longer shelf life. Another variety widely demanded by consumers is the Rome Beauty, which is mainly used for baking and cooking. The Royal Gala, on the other hand has been less attractive to consumers because it is less colorful.

Chilean apples have been well received by the Mexican consumers as well. Their taste is similar to those produced in Mexico and their prices are lower than those from the United States. Chilean producers have been working aggressively to penetrate the Mexican market and have introduced several qualities to reach different population groups with their products. They have been doing promotional campaigns with their distributors and strongly focusing their sales efforts and promotions in the Mexican market. These marketing campaigns focus on ensuring that their apples reach the maximum number of consumers and are affordable to different sectors of the population. These factors coupled with Mexican import restrictions for U.S. apples have contributed to increase the market share for Chilean and Canadian apples.

Argentina continues to ship apples to Mexico. However, apples from Argentina in MY 1999 and MY 2000 have been expensive and Argentina has not invested in any promotional activities. Argentine apples are not expected to be very competitive in the Mexican market at this time.

CONCENTRATED APPLE JUICE

PRODUCTION AND TRADE

Reliable concentrated apple juice (CAJ) production numbers are difficult to obtain as there are no Mexican statistical data available. Industry tends to keep partial information, most of which is proprietary. According to industry sources, there are about 9 processing plants in Mexico, and the most important four plants are in Chihuahua. The industry indicated that the entry of China's CAJ into the U.S. market had reduced Mexico's market share for MY 1998. Trade figures, however, show an improvement of Mexican production for MY 1999. The CAJ production forecast for MY 2000 is expected to be very similar to that of MY 1999 because domestic production is not expected to increase very much. Industry sources indicated that fruit for processing for MY 1999 was on average between 600 and 700 pesos/MT (US$63.15 to $73.68 MT). For MY 2000 fruit for processing began at 300 to 400 pesos/MT (US$32.08 to 42.78/MT), but the industry indicated that shorter volumes could increase prices as high as 700 pesos/MT (US$74.86 MT). Apples for processing for the domestic industry for MY 2000 are forecast at 90,000 MT. Processing apples estimates for the domestic industry for MY 1999 were revised upward based on increased exports of CAJ.

The United States is Mexico's largest CAJ export market. According to Mexican trade data, CAJ exports for MY 1999 were 29,587 MT, an increase of more than 65 percent compared to 17,769 MT in MY 1998. The countervailing duties imposed to China's CAJ in the U.S. market spurred Mexico's CAJ production for exporting to the U.S. Three processing plants in Chihuahua are geared towards the export market and they normally export 80 percent of their total CAJ production to the United States. Mexico traditionally imports very little CAJ, and the United States is the main supplier. But, CAJ imports for MY 1999 increased due to the low price that prevailed in the international markets. CAJ imports for MY 2000 are expected to return to normal volumes since domestic production is expected to be higher.

Mexican trade data is different from U.S. census data. The likely explanation is a misclassification of products, as Mexican data only has one tariff category for CAJ, while U.S. data has two. Therefore, care should be used in comparing the data.

PEARS

PRODUCTION

Pear production in Mexico is not very significant, thus periodic data is not available from the Mexican government. Total pear production in Mexico for MY 2000 (July/June) is forecast at 30,000 MT, a decrease of 9.2 percent from MY 1999 production due to the off-season cycle and unfavorable weather conditions. Overall, pear area planted and harvested has declined. The lack of financial support, high costs of production, scarce water supplies in pear producing regions, and disease problems has resulted in an almost stagnant industry. Some growers, however, are beginning to experiment with planting more disease resistant and long shelf-life varieties. Growers indicated that area planted is forecast to remain low, approximately 5,050 has. for MY 2000 unless more credit becomes available. Area harvested is also expected to remain low. Approximately 85 percent of the area in Mexico is non-irrigated.

Pear production estimates for MY 1999 were revised downward based on preliminary Mexican official estimates, but still reflecting higher production compared to MY 1998. Planting and harvesting data have also been revised downward according to recent estimates. Area planted and harvested for MY 1998 remains unchanged. Michoacan and Puebla are Mexico's main pear producing states, accounting for 70 percent of total Mexican production.

CONSUMPTION

Domestic supply continues to rely on imports, mainly from the United States, because Mexican pear production is minimal and not expanding. Pear consumption for MY 2000 is forecast at 102,000 MT, a slight increase over MY 1999 consumption, reflecting a strong demand and consumer purchasing power. As a result of larger supplies and attractive prices, consumption for MY 1999 was revised upward. Consumption estimates for MY 1998 were revised downward based on official final data.

Wholesale prices for domestic pears for July 2000 were approximately US$6.45/ 28 kg box, while U.S. imported pears prices were US$15.80 /19 kg box. Wholesale prices for other fruit competing in the domestic market were: papaya at US$6/ kg, guava at US$9.00/18 kg box, and mango at US$10.00/28 kg box. Mexicans prefer the Anjou variety followed by the Bartlett variety. The remaining varieties of pears are not yet highly demanded by consumers in Mexico. Great efforts, however, have been made to promote the Bosc variety, which is a very sweet and juicy pear but unknown to Mexican consumers in the past. However, the acceptance of this variety is growing rapidly.

TRADE

Pear imports for MY 2000 are forecast to increase slightly over MY 1999 imports. Pear imports are expected to remain strong due to the improvement of the Mexican economy and the better consumer purchasing power. The pear import estimate for MY 1999 was revised upward because good demand and high U.S. pear production kept Mexican imports strong. U.S. Bartlett pears are usually imported during July, August and September, while U.S. Anjou pears are imported toward the end of September and October. It is important to note that for MY 2000, at the time for Bartlett pears imports, the previous harvest of the Anjou variety was still available because it was kept under cold storage for longer than normal. This situation created price problems for the U.S. Bartlett variety. The pear import estimate for MY 1998 was revised downward based on final Mexican trade data.

The presence of Chilean pears is not very significant in the Mexican market because the transportation costs make them more expensive than those from the United States. Pear imports from Chile, however, continue to grow steadily. According to Mexican trade data, Mexico imported from Chile approximately 2,490 MT of pears in MY 1998, and is expected to import 3,000 MT for MY 2000. Under the different trade agreements, the import duty on pears from the U.S. and Chile is zero. Argentina exported approximately 389 MT of pears into the Mexican market during 1999, and is expected to try again to market a similar volume of pears in 2000. Reportedly, they are being marketed at more affordable prices.

MARKETING

The United States continues to be the main supplier of pears. Market promotion efforts for U.S. pears continue in several Mexican cities, supermarkets and street markets. Most of the imported pears are from Washington, Oregon and California. Of total imports, U.S. pears account for approximately 94 percent of the market, while Chilean pears represent approximately 4 percent. Mexican domestic production represents approximately 30 percent of the total market.

Mexican pears, due to its limited production, are almost exclusively sold through local, small markets; very few are sold through supermarkets. One of the Mexican pear varieties which consumers like is the Kiefer variety, better known as Pera Piña. Its limited production, however, keeps it from impacting market preferences.

Chilean pears have good quality but the cost of transportation makes them more expensive than those from the United States. Besides, Chilean producers do not conduct marketing or promotional campaigns for their pears in Mexico, therefore, they have not represented a threat to the U.S. industry, yet. Chileans are using price strategies to gain market share. Mexico imported pears from Argentina in 1999, but their higher prices placed them in a weak position vis-a-vis Chilean pears. Prices of imports from Argentina for 2000, however, have come down and are closer to U.S. pear prices.

TABLE GRAPES

PRODUCTION

Total table grape production for MY 2000 (Jan-Dec) is forecast at 167,000 MT, a decrease from MY 1999 production due to unfavorable weather. According to producers, table grapes in Sonora lacked enough cold weather resulting in less yields and lower quality. But, some regions in Caborca had good weather resulting in increased yields and good quality. Total production, however, is difficult to determine since price relationships between table grapes, raisin grapes, and industrial grapes in any given period might attract more grapes into or out of each market. Production estimates for MY 1999 were revised upward to 185,615 MT based on preliminary official estimates. Growers, however, estimate that overall production is about 10 percent less than the official preliminary estimates. According to producers, table grape yields for MY 1999 increased due to prevailing better weather conditions. Production estimates for MY 1998 were revised upward based on official final data. Official sources indicated that area planted has been increasing, mainly in the state of Sonora, which is the main table grape producing area, due to attractive prices in the international market and the possibility of diversification to other markets. Some new area planted, however, was offset by old areas that were abandoned. Other areas are being replanted with new varieties. Therefore, the area planted and harvested for MY 2000 is forecast to increase slightly compared to MY 1999 area. The planted and harvested area estimates for MY 1999 were revised upward based on official preliminary estimates. The larger increases in area correspond to Sonora, however, water still limits large expansions. Data for MY 1998 were updated based on official final data. The national average yield for MY 1999 was estimated by official sources at 10.2 MT/Ha. Sonora, however, has an average yield of 10.6 MT/Ha depending on cultural practices. Sonora produces approximately 70 to 75 percent of the total table grape production in Mexico.

According to producers, the cost of production in Sonora for 2000 was between US$5,000 and US$6,000/Ha, depending on inputs. Costs for harvesting/packing were approximately US$4.00/18-lb box. All area for table grapes is irrigated. Producers indicate that expansion is limited mainly by low water availability from aquifers in Sonora. Thus, producers are trying to become more efficient by increasing yields instead of increasing acreage. The high cost of production and high interest rates for credit also limit table grape expansion. In fact, producers indicate that the only credit to which they have access comes from the brokers and distributors from the United States. Growers get advance payments for harvesting and packing table grapes.

CONSUMPTION

Table grape consumption for MY 2000 is forecast at 114,000 MT, a decrease of 12 percent compared to MY 1999 consumption due to less available domestic supplies. The consumption estimates for MY 1998 and 1999 were revised upward based on recent trade information reflecting good consumer purchasing power.

Wholesale prices for domestic grapes during June 2000 were approximately US$9.62/10-kg box, close to June 1999 prices of US$9.47/10 kg box. U.S. grapes prices for August 2000 were approximately US$14.50/ 10 kg box, compared to US$13.68/10 kg box in August 1999. The Thompson variety is the most widely sold in Mexico because consumers prefer seedless grapes. Following this variety in consumer preference is the Red Globe and the Superior varieties.

TRADE

Table grape imports for MY 2000 are forecast at 57,000 MT, an increase of 10 percent over MY 1999 because of strong demand. Import estimates for table grapes for MY 1999 were revised upward also because of stronger demand. U.S. grape imports represented approximately 64 percent of total Mexican imported grapes in 1999, while Chilean grapes represented 36 percent. These percentages are expected to stay the same in 2000. U.S. table grapes can only be imported from California due to Mexico's phytosanitary restrictions.

According to producers, table grape exports for MY 2000 are forecast at 110,000 MT, an increase of 2 percent over MY 1999 exports due to strong international demand. The table grape export estimate for MY 1999 was revised upward according to recent trade data. Although the United States is the most important grape market, Mexico is now looking toward Europe and other countries to expand trade. In fact, a free trade agreement was signed between Mexico and the European Union (EU) which went into effect on July 1, 2000 (See Other Agreements, Apples). A duty rebate was negotiated for imported table grapes from Mexico. The grape tariff will be phased out from 12.6 percent beginning July 1, 2000. Mexico will have access to a window from April 1 to June 30 in the EU market at the low tariff of 11.025 percent for 2000.

U.S. and Chilean table grape production seasons differ, consequently, Chilean grapes do not compete with those from the United States. U.S. suppliers export to Mexico during January/February and August/September, before and after the Mexican season. Chile usually exports in June and July.

Under NAFTA, the import duty for U.S. table grapes for 2000, during June 1 to October 14 is 6 percent. Imports of U.S. table grapes for October 15 to May 31 are not subject to a duty since NAFTA's implementation. Under the Mexico - Chile Free Trade Agreement, Chilean table grapes for 2000 will be charged a zero duty during January 1 to April 14, and June 1 to December 31. Mexican importers must obtain an import permit during the period April 15 to May 31.

MARKETING

The United States is expected to continue as the main supplier of table rapes to Mexico largely as a result of market promotion efforts by U.S. table grape exporters. The United States aggressively promotes their grapes, while Chile puts very limited resources into promoting their grapes in Mexico. However, domestic production of high quality grapes compete strongly with those from the United States. As mentioned above, Chilean and U.S. production seasons are different, and therefore there is no direct price competition between them.

SECTION II. STATISTICAL TABLES

Apples, PS&D Table

PSD Table						
Country	Mexico					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised1998		Preliminary1999		Forecast2000	
	Old	New	Old	New	Old	New
Market Year Begin	**08/1998**		**08/1999**		**08/2000**	
Area Planted	66900	66900	66600	66629	0	66630
Area Harvested	58740	58740	61600	63589	0	63600
Bearing Trees	13216	13216	13860	14307	0	14310
Non-Bearing Trees	1836	1836	1125	684	0	682
Total Trees	15052	15052	14985	14991	0	14992
Commercial Production	357244	357244	437000	430702	0	439000
Non-Comm. Production	13000	13000	13000	12000	0	11000
TOTAL Production	370244	370244	450000	442702	0	450000
TOTAL Imports	133721	133721	145000	150000	0	156000
TOTAL SUPPLY	503965	**503965**	595000	**592702**	0	**606000**
Domestic Fresh Consump	443965	443965	515000	504702	0	516000
Exports, Fresh Only	0	0	0	0	0	0
For Processing	60000	60000	80000	88000	0	90000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	503965	**503965**	595000	**592702**	0	**606000**

Pears, PS&D Table

PSD Table						
Country	**Mexico**					
Commodity	**Fresh Pears**		(HA)(1000 TREES)(MT)			
	Revised1998		Preliminary1999		Forecast2000	
	Old	New	Old	New	Old	New
Market Year Begin	**07/1998**		**07/1999**		**07/2000**	
Area Planted	5209	5209	5230	5100	0	5050
Area Harvested	5174	5174	5180	5040	0	5000
Bearing Trees	1076	1076	1077	1048	0	1040
Non-Bearing Trees	7	7	10	12	0	10
Total Trees	1083	1083	1087	1060	0	1050
Commercial Production	24190	24190	33300	31541	0	28500
Non-Comm. Production	1500	1500	2000	1500	0	1500
TOTAL Production	25690	25690	35300	33041	0	30000
TOTAL Imports	55656	54800	60000	68000	0	74000
TOTAL SUPPLY	81346	**80490**	95300	**101041**	0	**104000**
Domestic Fresh Consump	79346	78490	93300	99041	0	102000
Exports, Fresh Only	0	0	0	0	0	0
For Processing	2000	2000	2000	2000	0	2000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	81346	**80490**	95300	**101041**	0	**104000**

Table Grapes, PS&D Table

PSD Table						
Country	**Mexico**					
Commodity	**Fresh Table Grapes**			(HA)(MT)		
	Revised1998		Preliminary1999		Forecast2000	
	Old	New	Old	New	Old	New
Market Year Begin	**01/1998**		**01/1999**		**01/2000**	
Area Planted	16918	17570	17000	18448	0	18450
Area Harvested	16314	17167	16320	18088	0	18100
Commercial Production	141318	159683	142000	183615	0	165000
Non-Comm. Production	2000	2000	2000	2000	0	2000
TOTAL Production	143318	161683	144000	185615	0	167000
TOTAL Imports	41447	41447	45000	51896	0	57000
TOTAL SUPPLY	184765	**203130**	189000	**237511**	0	**224000**
Domestic Fresh Consump	80646	99011	99000	129681	0	114000
Exports, Fresh Only	104119	104119	90000	107830	0	110000
For Processing	0	0	0	0	0	0
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	184765	**203130**	189000	**237511**	0	**224000**

Apple Prices

AVERAGE MONTHLY WHOLESALE APPLE PRICES Red Delicious/ Pesos/Kilogram			
Month	**1999**	**2000**	**Change %**
January	12.00	7.85	(34.58)
February	11.75	7.55	(35.74)
March	11.75	7.00	(40.43)
April	10.00*	8.89	(11.10)
May	10.00*	11.08*	10.80
June	11.05*	11.72*	6.06
July	11.57*	12.01*	3.80
August	11.94*	12.02*	0.67
September	10.68*		
October	10.37		
November	10.47		
December	8.85		
CIF - Mexico City			

SOURCE: SNIM
AVERAGE EXCHANGE RATE FOR 1999 USD$1.00 = $9.55 PESOS
EXCHANGE RATE (AUGUST 28, 2000) US$1.00 = $ 9.23 PESOS
* Imported apples

Exchange Rates

MONTHLY EXCHANGE RATE AVERAGES		
	1999	**2000**
January	10.13	9.02
February	10.01	9.43
March	9.75	9.28
April	9.43	9.37
May	9.38	9.50
June	9.53	9.81
July	9.37	N/A
August	9.38	N/A
September	9.33	N/A
October	9.52	N/A
November	9.40	N/A
December	9.38	N/A
Annual Avg.	9.55	N/A

Monthly rates are averages of daily exchange rates from the Banco de Mexico.
Source: Diario Oficial (Mexican Federal Register)

Grape Prices

AVERAGE WHOLESALE GRAPE PRICES CIF Mexico City -- Dollars/Box			
2000	**CALIFORNIA**	**MEXICO**	**CHILE**
JAN	13.65		17.44
FEB			18.34
MAR			13.5
APR			16.2
MAY			14.43
JUN		11.5	13.5
JUL		13.5	13.65
AUG	14.5	13.8	

Source: Market Survey (Grupo PM)

Pear Prices

AVERAGE WHOLESALE PEARS PRICES CIF Mexico City -- Dollars/Box					
2000	**UNITED STATES**	**MEXICO**	**CHILE**	**ARGENTINA**	**CALIFORNIA**
JAN	19.17				25.10
FEB	20.14		15.10		21.74
MAR	17.59		16.04		
APR	20.72		16.71		25.30
MAY	16.16		15.87		
JUN	16.17	6.45	12.00	14.17	
JUL	15.11	7.17	15.76	13.72	10.42
AUG	14.98	6.36	16.25	13.45	10.75

Source: Market Survey (Grupo PM)

Trade Matrixes

Apples

EXPORTS FOR 1999 TO: METRIC TONS		IMPORTS FOR 1999 FROM: METRIC TONS	
U.S	7	U.S.	94,934
OTHERS		OTHERS	
EL SALVADOR	219	CHILE	35,049
BELIZE	35	CANADA	6,270
OTHERS NOT LISTED	21	OTHERS NOT LISTED	126
GRAND TOTAL	282	GRAND TOTAL	136,379

Source: 1993, 2000. Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.

EXPORTS FOR 2000* TO: METRIC TONS		IMPORTS FOR 2000* FROM: METRIC TONS	
U.S	0	U.S.	90,457
OTHERS		OTHERS	
BELIZE	3	CHILE	10,596
		CANADA	2,400
OTHERS NOT LISTED	1	OTHERS NOT LISTED	0
GRAND TOTAL	4	GRAND TOTAL	103,453

Source: 1993, 2000. Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.
* As of May 2000.

Pears

EXPORTS FOR 1999 TO: METRIC TONS		IMPORTS FOR 1999 FROM: METRIC TONS	
U.S	0	U.S.	62,326
OTHERS		OTHERS	
BELIZE	10	CHILE	2,774
OTHERS NOT LISTED	0	OTHERS NOT LISTED	396
GRAND TOTAL	10	GRAND TOTAL	65,496

Source: 1993, 2000. Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.

EXPORTS FOR 2000* TO: METRIC TONS		IMPORTS FOR 2000* FROM: METRIC TONS	
U.S	5	U.S.	31,936
OTHERS		OTHERS	
BELIZE	1	CHILE	2,548
OTHERS NOT LISTED	0	OTHERS NOT LISTED	20
GRAND TOTAL	6	GRAND TOTAL	34,504

Source: 1993, 2000. Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.
* As of May 2000.

Table Grapes

EXPORTS FOR 1999 TO: METRIC TONS		IMPORTS FOR 1999 FROM: METRIC TONS	
U.S	32,905	U.S.	33,097
OTHERS		OTHERS	
UNITED KINGDOM	595	CHILE	18,790
CANADA	87	SOUTH KOREA	8
OTHERS NOT LISTED	143	OTHERS NOT LISTED	1
GRAND TOTAL	33,730	GRAND TOTAL	51,896

Source: 1993, 2000. Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.

EXPORTS FOR 2000* TO: METRIC TONS		IMPORTS FOR 2000* FROM: METRIC TONS	
U.S	20,157	U.S.	386
OTHERS		OTHERS	
UNITED KINGDOM	377	CHILE	25,999
CUBA	7		
OTHERS NOT LISTED	5	OTHERS NOT LISTED	1
GRAND TOTAL	20,546	GRAND TOTAL	26,386

Source: 1993, 2000. Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.
* As of May 2000.

Apple Juice

EXPORTS FOR 1999 TO (KILOGRAMS)		IMPORTS FOR 1999 FROM (LITERS)	
U.S.	19,042,578	U.S.	3,818,207
OTHERS		OTHERS	
BRAZIL	693,082	CHILE	1,979,138
GUATEMALA	621,367	BRAZIL	403,282
OTHERS NOT LISTED	2,619,914	OTHER NOT LISTED	41,981
GRAND TOTAL	23,048,941	GRAND TOTAL	6,242,608

Source: 1993, 2000. Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.

EXPORTS FOR 2000* TO (KILOGRAMS)		IMPORTS FOR 2000* FROM (LITERS)	
U.S.	16,499,273	U.S.	356,182
OTHERS		OTHERS	
GUATEMALA	238,929	CHILE	256,000
OTHERS NOT LISTED	1,031,362	OTHERS NOT LISTED	349,118
GRAND TOTAL	17,769,564	GRAND TOTAL	961,300

Source: 1993, 2000. Global Trade Information Services, Inc. World Trade Atlas, Mexico Edition.
* As of May 2000.

NAFTA Tariffs

NAFTA TARIFF REDUCTIONS -U.S. APPLES, PEARS & GRAPES-					
Year		**Apples**		**Pears**	**Grapes**
		Duty	**TRQ[a]**	**Duty[b]**	**Duty[c]**
0		20%		20%	20%
1	JAN 1994	18%	55,000.00	16%	18%
2	JAN 1995	16%	56,650.00	12%	16%
3	JAN 1996	14%	58,349.50	8%	14%
4	JAN 1997	12%	60,099.98	4%	12%
5	JAN 1998	10%	61,902.90	0%	10%
6	JAN 1999	8%	63,759.02		8%
7	JAN 2000	6%	65,671.79		6%
8	JAN 2001	4%	67,641.94		4%
9	JAN 2002	2%	69,671.19		2%
10	JAN 2003	0%	--		0%

Source: Office of Agricultural Affairs based on information from Mexico's *Diario Oficial* (Federal Register)

[a] Tariff to be eliminated in ten equal annual stages beginning on January 1,1994 and ending in December 31, 2002, with a Tariff Rate Quota (TRQ). If TRQ is filled a 20% duty will be applied on over quotas.

[b] Tariff to be eliminated in five equal annual stages, beginning on January 1, 1994 and ending December 31, 1997.

[c] Tariff to be eliminated in ten equal annual stages, beginning January 1, 1994 and ending December 31, 2002. Duties apply for imported grapes from Jun 1 to Oct 14. Grapes imported between Oct 15 and May 31 have not been subject to a duty since NAFTA implementation.

Tariffs for Chile

TARIFF REDUCTION SCHEDULE -CHILEAN APPLES, PEARS & GRAPES-				
YEAR	APPLES		PEARS	GRAPES
	Duty	TRQ	Duty	Duty
1998	13.3%	2,156.7	0%	0%/d
1999	11.7%	2,200.0	0%	0%/d
2000	10.0%	2,264.5/e	0%	0%/d
2001	8.3%	2,377.7	0%	0%/d
2002	6.7%	2,496.6	0%	0%/d
2003	5.0%	2,621.4	0%	0%/d
2004	3.3%	2,752.4	0%	0%/d
2005	1.7%	2,890.0	0%	0%/d
Starting 1/1/2006	0.0%	/f	0%	0%/d

Source: Office of Agricultural Affairs based on information from Mexico's *Diario Oficial* (Federal Register) published on July 28, 1999.

/d Grape imports made between January 1 to April 14, and June 1 to December 31 are duty free Imports, from April 15 to May 31 must have an import permit to be duty free.

e/ Initial TRQ that will be incremented on an annual basis five percent up from the previous figure starting on 2000 up to 2005 inclusive.

/f Starting on January 1st. 2006, imports of Chilean fresh apples will be duty free and not subject to TRQ quotas.